

111TH CONGRESS
1ST SESSION

H. R. 1961

To amend the Internal Revenue Code of 1986 to expand the availability of the saver's credit, to make the credit refundable, and to make Federal matching contributions into the retirement savings of the taxpayer.

IN THE HOUSE OF REPRESENTATIVES

APRIL 2, 2009

Mr. POMEROY (for himself, Mr. KIND, Mr. McDERMOTT, Mr. BLUMENAUER, Ms. SCHWARTZ, Mr. SESTAK, Mr. ALTMIRE, and Mr. THOMPSON of California) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to expand the availability of the saver's credit, to make the credit refundable, and to make Federal matching contributions into the retirement savings of the taxpayer.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the "Savings for American
5 Families' Future Act of 2009".

1 **SEC. 2. MODIFICATION OF SAVER'S CREDIT.**

2 (a) 50 PERCENT CREDIT FOR ALL TAXPAYERS: EX-
3 PANSION OF PHASEOUT RANGES.—Subsection (b) of sec-
4 tion 25B of the Internal Revenue Code of 1986 is amend-
5 ed to read as follows:

6 “(b) APPLICABLE PERCENTAGE.—For purposes of
7 this section—

8 “(1) IN GENERAL.—Except as provided in para-
9 graph (2), the applicable percentage is 50 percent.

10 “(2) PHASEOUT.—The percentage under para-
11 graph (1) shall be reduced (but not below zero) by
12 the number of percentage points which bears the
13 same ratio to 50 percentage points as—

14 “(A) the excess of—

15 “(i) the taxpayer's adjusted gross in-
16 come for such taxable year, over

17 “(ii) the applicable dollar amount,
18 bears to

19 “(B) the phaseout range.

20 If any reduction determined under this paragraph is
21 not a whole percentage point, such reduction shall be
22 rounded to the nearest whole percentage point.

23 “(3) APPLICABLE DOLLAR AMOUNT; PHASEOUT
24 RANGE.—

25 “(A) JOINT RETURNS.—Except as pro-
26 vided in subparagraph (B)—

1 “(i) the applicable dollar amount is
2 \$65,000, and

3 “(ii) the phaseout range is \$20,000.

4 “(B) OTHER RETURNS.—In the case of—

5 “(i) a head of a household (as defined
6 in section 2(b)), the applicable dollar
7 amount and the phaseout range shall be $\frac{3}{4}$
8 of the amounts applicable under subpara-
9 graph (A) (as adjusted under paragraph
10 (4)), and

11 “(ii) any taxpayer who is not filing a
12 joint return and who is not a head of a
13 household (as so defined), the applicable
14 dollar amount and the phaseout range
15 shall be $\frac{1}{2}$ of the amounts applicable
16 under subparagraph (A) (as so adjusted).

17 “(4) INFLATION ADJUSTMENT OF APPLICABLE
18 DOLLAR AMOUNT.—In the case of any taxable year
19 beginning in a calendar year after 2010, the dollar
20 amount in paragraph (3)(A)(i) shall be increased by
21 an amount equal to—

22 “(A) such dollar amount, multiplied by

23 “(B) the cost-of-living adjustment deter-
24 mined under section 1(f)(3) for the calendar
25 year in which the taxable year begins, deter-

1 mined by substituting ‘calendar year 2009’ for
 2 ‘calendar year 1992’ in subparagraph (B)
 3 thereof.

4 Any increase determined under the preceding sen-
 5 tence shall be rounded to the nearest multiple of
 6 \$500.”.

7 (b) CREDIT MADE REFUNDABLE; MATCHING CON-
 8 TRIBUTIONS.—

9 (1) CREDIT MADE REFUNDABLE.—The Internal
 10 Revenue Code of 1986 is amended by moving section
 11 25B to subpart C of part IV of subchapter A of
 12 chapter 1 of such Code (relating to refundable cred-
 13 its), by inserting section 25B after section 36A, and
 14 by redesignating section 25B as section 36B.

15 (2) MATCHING CONTRIBUTIONS.—Subsection
 16 (g) of section 36B of such Code, as redesignated by
 17 paragraph (1), is amended to read as follows:

18 “(g) MATCHING CONTRIBUTIONS.—

19 “(1) IN GENERAL.—The credit allowed to an el-
 20 igible individual under this section for any taxable
 21 year shall be twice the credit which would (but for
 22 this subsection) be allowed if—

23 “(A) the individual consents to the applica-
 24 tion of paragraph (2), and

1 “(B) a designation by such individual is in
2 effect for such year under paragraph (3).

3 “(2) CREDIT PAID INTO DESIGNATED RETIRE-
4 MENT ACCOUNT.—Any increase in credit under
5 paragraph (1) for any taxable year shall be paid by
6 the Secretary into the designated retirement account
7 of the individual for such year. The amount payable
8 under the preceding sentence shall be subject to the
9 reductions under section 6402 in the same manner
10 as if such amount were an overpayment. The
11 amount so paid shall be treated as refunded to such
12 individual.

13 “(3) DESIGNATED RETIREMENT ACCOUNT.—
14 For purposes of this subsection, the term ‘des-
15 ignated retirement account’ means any account or
16 plan—

17 “(A) of a type to which qualified retire-
18 ment savings contributions may be made,

19 “(B) which is for such individual’s benefit,
20 and

21 “(C) which is designated by such indi-
22 vidual (in such form and manner as the Sec-
23 retary may provide) on the return of tax for the
24 taxable year.

1 “(4) TREATMENT OF MATCHING CONTRIBU-
2 TIONS.—In the case of an amount paid under para-
3 graph (2) into a designated retirement account—

4 “(A) any dollar limitation otherwise appli-
5 cable to the amount of contributions or defer-
6 rals to such account shall be increased by the
7 amount so paid,

8 “(B) the individual’s basis in such account
9 shall not be increased by reason of the amount
10 so paid, and

11 “(C) such amount shall be treated as an
12 employer contribution for purposes of—

13 “(i) section 401(k)(3), and

14 “(ii) section 408(k)(6)(A)(iii).”.

15 (3) CONFORMING AMENDMENTS.—

16 (A) Sections 24(b)(3)(B), 25(e)(1)(C),
17 26(a)(1), and 1400C(d) of such Code are each
18 amended by striking “25B,”.

19 (B) The last sentence of section 25A(i)(5)
20 of such Code is amended by striking “25B” and
21 inserting “36B”.

22 (C) Sections 904(i) of such Code is amend-
23 ed by striking “23, 24, and 25B,” and inserting
24 “23 and 24”.

1 (D) Section 6211(b)(4)(A) of such Code is
2 amended by inserting “36B,” after “36A,”.

3 (E) The table of sections for subpart A of
4 part IV of subchapter A of chapter 1 of such
5 Code is amended by striking the item relating
6 to section 25B.

7 (F) The table of sections for subpart C of
8 such part is amended by adding at the end the
9 following new item:

“Sec. 36B. Elective deferrals and IRA contributions by certain individuals.”.

10 (G) Section 1324(b)(2) of title 31, United
11 States Code, is amended by inserting “36B,”
12 after “36A,”.

13 (c) MAXIMUM CONTRIBUTIONS.—

14 (1) Subsection (a) of section 36B of such Code,
15 as redesignated by subsection (b), is amended to
16 read as follows:

17 “(a) ALLOWANCE OF CREDIT.—

18 “(1) IN GENERAL.—In the case of an eligible
19 individual, there shall be allowed as a credit against
20 the tax imposed by this subtitle for the taxable year
21 an amount equal to the applicable percentage of so
22 much of the qualified retirement savings contribu-
23 tions of the eligible individual for the taxable year as
24 do not exceed the contribution limit.

1 “(2) CONTRIBUTION LIMIT.—For purposes of
2 paragraph (1)—

3 “(A) IN GENERAL.—Except as otherwise
4 provided in this paragraph, the contribution
5 limit is \$500 (\$1,500 for taxable years begin-
6 ning after 2020).

7 “(B) ANNUAL INCREASES TO REACH
8 \$1,500.—In the case of taxable years beginning
9 in a calendar year after 2010 and before 2021,
10 the contribution limit shall be the sum of—

11 “(i) the contribution limit for taxable
12 years beginning in the preceding calendar
13 year (as increased under this subpara-
14 graph), and

15 “(ii) \$100.

16 “(C) INFLATION ADJUSTMENT.—In the
17 case of any taxable year beginning in a calendar
18 year after 2020, the \$1,500 amount in subpara-
19 graph (A) shall be increased by an amount
20 equal to—

21 “(i) such dollar amount, multiplied by

22 “(ii) the cost-of-living adjustment de-
23 termined under section 1(f)(3) for the cal-
24 endar year in which the taxable year be-
25 gins, determined by substituting ‘calendar

1 year 2019’ for ‘calendar year 1992’ in sub-
2 paragraph (B) thereof.

3 Any increase determined under the preceding
4 sentence shall be rounded to the nearest mul-
5 tiple of \$50.”.

6 (d) EFFECTIVE DATE.—The amendments made by
7 this section shall apply to taxable years beginning after
8 December 31, 2009.

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